Mental Health Inpatient & Residential Bed Capacity

Presentation to the Joint
Executive Legislative Task Force
on Mental Health Services &
Funding

September 24, 2004

Today's Agenda For Inpatient And Community Residential Beds

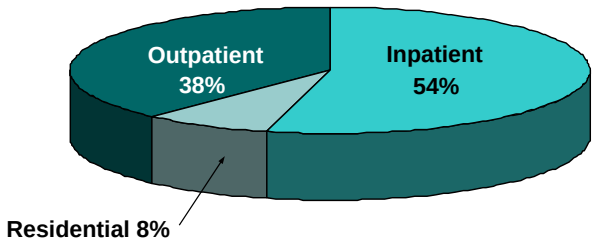
- Inpatient and community residential bed background
  - Adult, children,and forensic bed system overview
  - Inpatient & residential pressures
  - Capacity and utilization issues
- Stakeholder panel discussion

Today's Background Objective

- Describe funding, number of beds, and costs of existing inpatient and residential system
- Allow for better understanding of system pressures, potential changes and implications
- Provide context for issues that will be discussed in the stakeholder panel

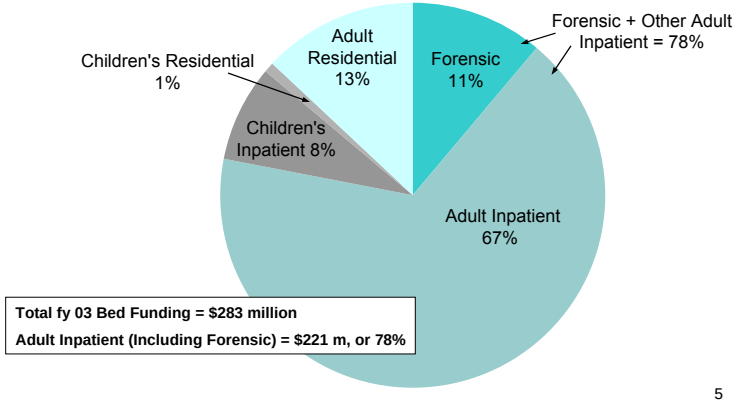
Mental Health Total Funding

- Total Mental Health Division spending on mental health inpatient, residential & outpatient services is $458 million in FY 03



Inpatient and Residential System Funding

- The adult inpatient beds represent 78% of the total bed funding



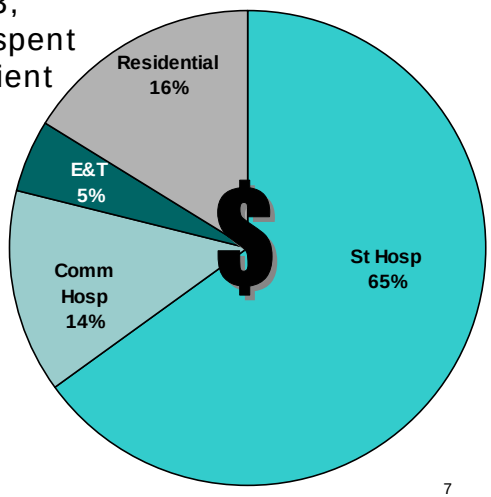
Adult Mental Health

Current system

Funding components
Bed inventory
Bed costs and payments

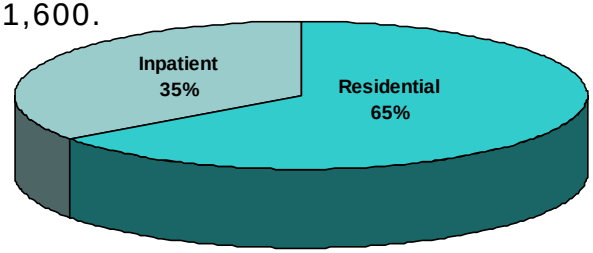
Adult Mental Health Bed System Funding

- In fiscal year 2003, $226 million was spent on the adult inpatient and residential services.
  - The largest cost component of adult inpatient services are the state hospitals.



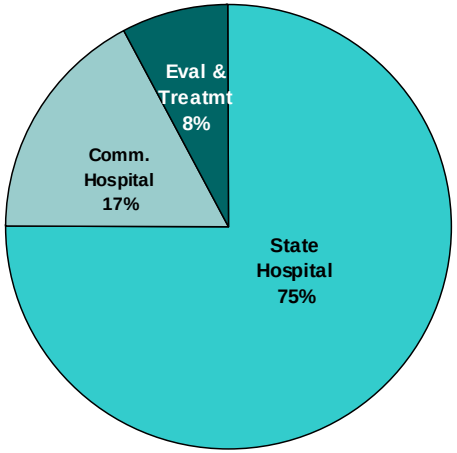
Adult Mental Health System Total Beds

- There are approximately 2,300 residential service beds, which reflect about two-thirds of the total beds. The inpatient beds comprise the remaining one-third, or about 1,600.



Adult Mental Health System Inpatient Beds

- Approximately 75% of the inpatient beds utilized are located at the two state hospitals



Adult Mental Health System Payments

- The average daily costs for a state hospital stay is about $465 per day
- Community hospital payments primarily reflect a range of average costs between an $281 for a non-Medicaid client to $671 for a Medicaid client
- Evaluation and treatment facilities report receive an average daily payment of $369
- Residential service levels greatly vary and payments can range from $33 for supported housing to $224 for crisis respite

System and Environmental Pressures

Utilization issues

Recent system changes

Access issues and analysis

Federal changes

Utilization Issues

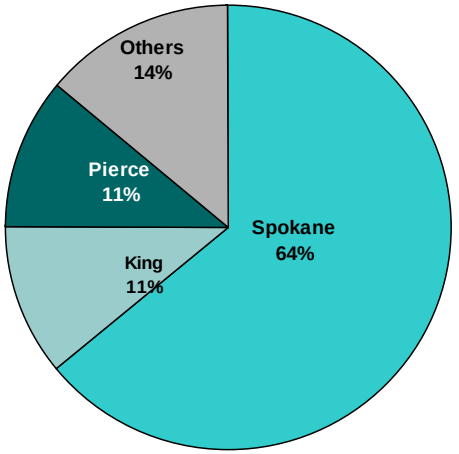
- A 2002 study projected that 22 percent of state hospital patients discharged were delayed primarily because of a lack of community services.
- This study also estimated that approximately 25 percent of state hospital admissions could have been avoided by increasing community supports.

Utilization Issues

- State Hospital Bed Allocation and Liquidated Damages
  - The RSN allocation for beds at the state hospitals is based on a weighted formula which factors in total population, medicaid eligible, and previous utilization
  - This methodology modified the previous formula and is being phased in over a six year period ending in FY07
  - RSNs only pay when the collective exceeds the allocation at a hospital and pay proportional to their over-utilization

Utilization Issues

- In FY04 RSN's paid $1.7 million for state hospital bed use that exceeds their allocation in liquidated damages
  - Spokane, King, and Pierce RSNs paid 85% of the liquidated damages assessed in FY 04

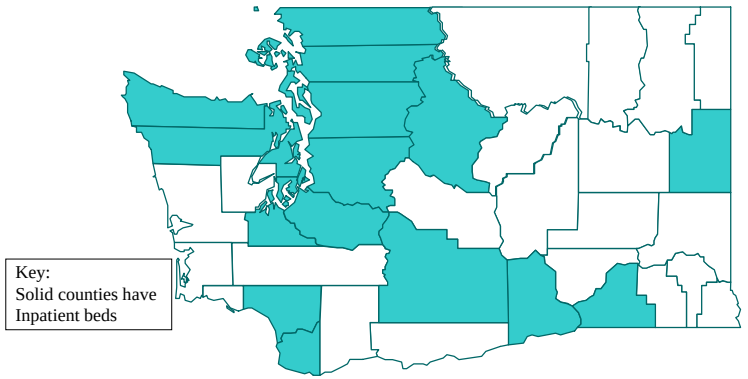


Utilization Issues

- There are some inconsistencies in services available through the RSNs
  - Community Psychiatric Inpatient and E&Ts have limited availability in rural areas
  - The intensive residential beds available are concentrated in 5 of the 14 RSNs

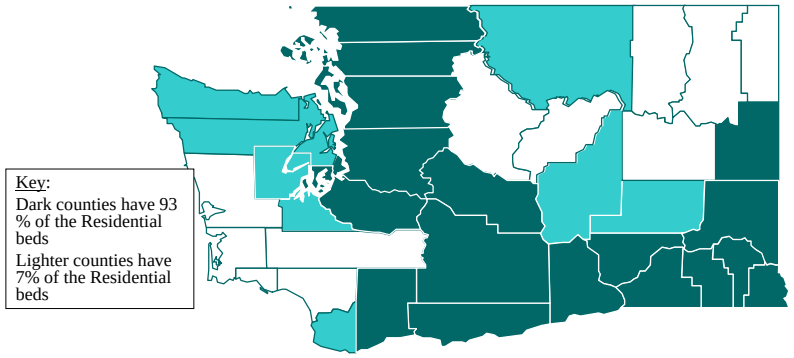
Utilization Issues

•Community Psychiatric Inpatient and E&Ts are not available in 25 of 39 counties



Utilization Issues

•93% of the intensive residential beds are concentrated in 5 of the 14 RSNs
•Five of these have no access to intensive Long-Term Residential Beds

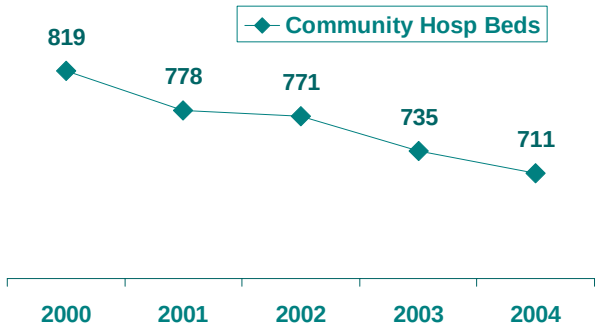


Recent Adult Mental Health System Changes

- DSHS initiated a shift from state hospital beds to residential services in 2001.
  - The Expanded Community Service program closed 178 beds, shifted funding to the community for residential services and assumed general fund savings.
  - The average daily census of community inpatient beds(including E&T's)increased by 13 percent from 2001-2003 while the average daily census at the state hospitals decreased by 11 percent.

Adult Mental Health System Changes

- Community hospitals have reduced psychiatric capacity for public and privately funded consumers by 13 % between 2000 and 2004. The hospitals contend that this is due to insufficient payment rates



Access Issues and Analysis

- DSHS contracted with the Public Consulting Group in September of 2002 that provided an analysis of the adult inpatient and residential services.
  - DSHS has implemented a number of the recommendations. Expanded Community Services, Increased discharge coordination, Program for Adaptive Living Skills (PALS) closure plan, and the cross system crisis response project

Access Issues and Analysis

- DSHS has contracted with PCG to update the 2002 study and also includes children's mental health services for the 2004 report.
  - The PCG recommendations from the study will be presented at the October task force meeting.

Access Issues and Analysis

- The study will provide analysis and recommendations to address the significant access and utilization issues identified that include:
  - Publicly funded inpatient capacity
  - Preventable hospitalizations
  - Timely hospital discharge

Access Issues and Analysis

- Publicly funded inpatient capacity
  - RSNs and County Designated Mental Health Professionals in locating inpatient beds for individuals requiring acute inpatient care.
- Preventable Hospitalizations
  - Lack of intensive residential and community supports increases preventable state and community hospital placements.
- Timely hospital discharge
  - State and community hospitals and evaluation and treatment facilities report increasing difficulty in finding appropriate community placements for patients ready to be discharged (e.g., in residential facilities, nursing home facilities etc.)

Federal Changes

- Federal CMS Non-Medicaid policy changes
  - Current estimates reflects loss of funding in the range of $40 million to $50 million per year
- Potential impact on residential and inpatient services from savings rule changes
  - Non-medicaid covered services
  - Residential placements for individuals not covered by Medicaid
  - Services provided to individuals living in an Institution for Mental Diseases (IMD)

Federal Changes – IMD Exclusion

- "Institution for mental diseases" (IMD) means a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment or care of persons with mental diseases… " [42 CFR 435.1009]
- IMD Exclusion Rule - Federal Financial Participation is not available for any medical assistance under Title XIX for services provided to any individual who is under age 65 and who is a patient in an IMD unless the payment is for inpatient psychiatric services for individuals under age 21. (Medicaid Manual)

Federal Changes

- Impact is still being assessed but has implications of eliminating funding for IMD residential and impatient services and nursing homes currently funded by Medicaid.
- This may affect federal participation for all Medicaid services provided to approximately 770 to 2,529 inpatient and residential beds

Adult System Summary

- Mounting fiscal pressures that include low payment rates and budget reductions contribute to the recent reductions in bed capacity.
- Reduced federal funding participation will significantly add to the existing funding pressures beginning in January 2005.

Adult System Summary

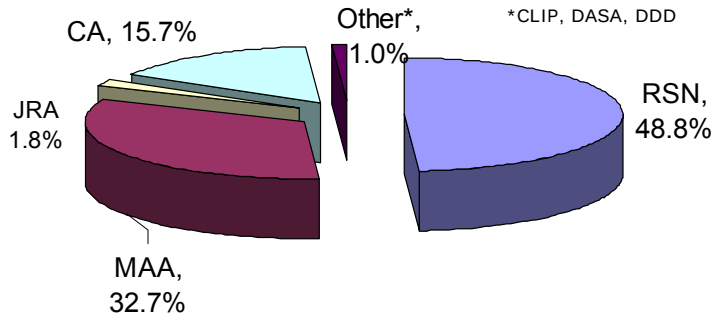
- Difficult to collect system-wide data, particularly for residential services and community hospitals
- Consultant study update should provide better data and recommendations that will be reviewed at the October Task Force meeting.

Children's Mental Health

Children's System Overview

- Inpatient & CLIP treatment accounts for less than 5% of the Medicaid eligible children treated by the Mental Health Division. The rest are treated on an outpatient basis.
- Children's Mental Health services are provided across many systems.

Children's Mental Health Service Source



Children Receiving DSHS Mental Health Services in FY2000

JLARC, *Children's Mental Health Study,* August 2002

Children's Residential System Overview

- There is no requirement for RSNs to provide residential services to children.
- To the extent that they do provide these services, it is done jointly with the Children's Administration.

Residential Beds: Children's Administration

Children's Admin. Funded Services

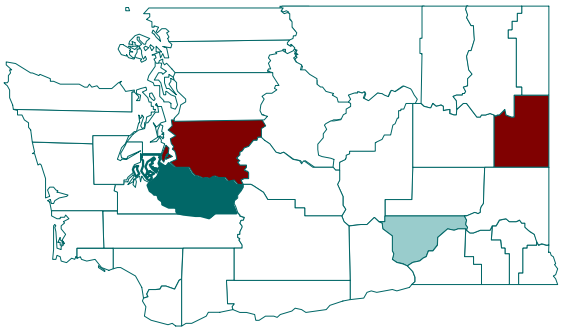
Type	Scale
Behavioral Rehabilitative Services (BRS)	~875 Children (Sept. 2003) 80% also have RSN contact in the same year
Children's Hospital Alternative Program (CHAP)	~75 Children served during Sept. 2003
Totals	~950 Children served in Sept. 2003 47% in group care or staffed residential care 44% in treatment foster care 9% in home (own or relative placement)

Services for children in out-of-home placements or dependencies

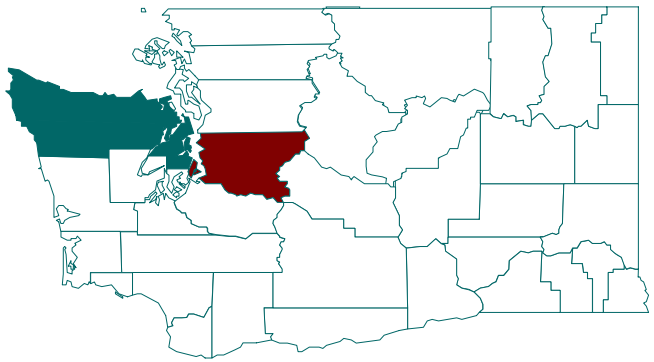
Children's Inpatient System Overview

- 3 types of inpatient services
  - Community Hospital Inpatient Beds
  - CLIP Beds
  - E&T Beds
- Hospital & CLIP beds are statewide resources
- E&T beds are local resources
- No IMD exclusion for children

Distribution of Children's Inpatient Beds (Hospital & CLIP)



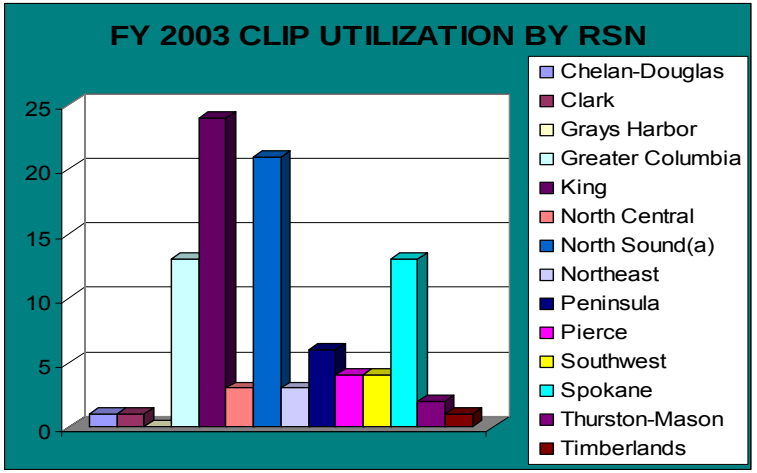
Distribution of Children's E&T Beds by RSN



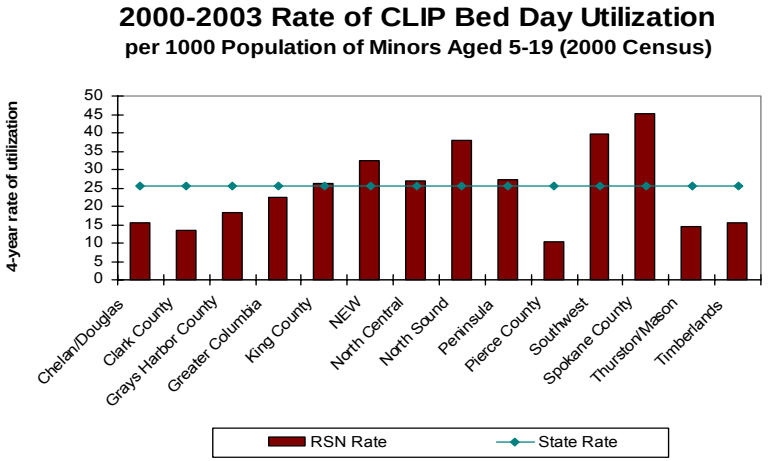
Children Mental Health Inpatient and CLIP Funding

- In FY03 $27 million was spent for children's inpatient and CLIP services.
- Of that, $8 million was spent for CSTC
- Community hospitals have the highest unit cost at $671 with the CLIP beds at $339 per day

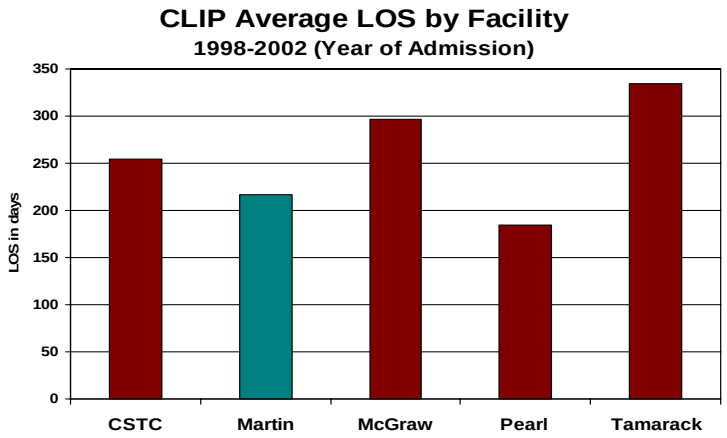
Children Mental Health System: Capacity & Utilization Issues



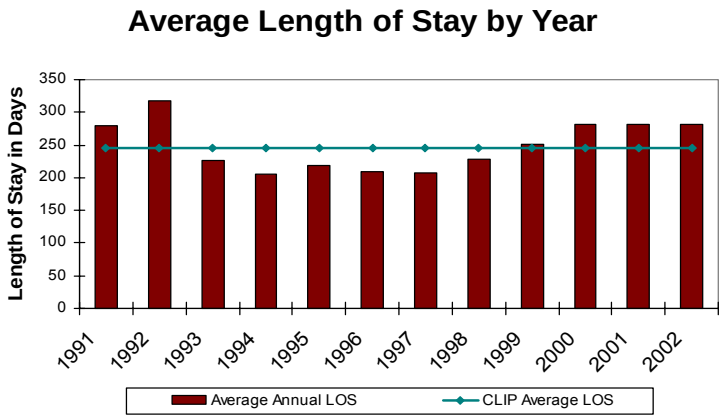
Clip Utilization Trends



Children's Mental Health System: Capacity & Utilization Issues



Trends in CLIP Length of Stay



Children Mental Health System: Systemic Pressures

- Funding for children's mental health services are fragmented across DSHS divisions with differing services, eligibility standards and reporting requirements.
- Many children services are provided services away from their home RSN.
  - Capitated system
  - Home RSN does not have funds to pay for service providers outside their system
  - RSN where child is located does not have funds for this child

Children Mental Health System: Unique Pressures

- Lack of access to inpatient services near family may damage fragile family situations
  - 17% experience a custody change while in treatment
  - 36% of children in voluntary admissions and 20% in involuntary admissions are in state custody at some point during their inpatient stay
- Most children in CLIP facilities are eligible for special education

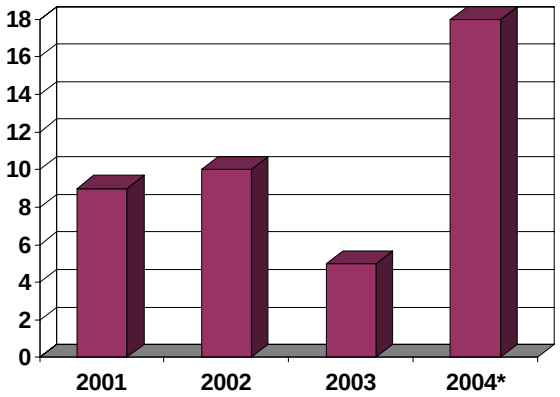
Children Mental Health System: Funding Rate Pressures

- Reimbursement rates have been a significant factor in the actual or threatened closure of both inpatient and CLIP beds
  - Martin Center closed June 30, 2004
  - Fairfax Hospital Board threatened denial of service to public clients due to rates
- The number of children served from FY 00-03 has also slightly decreased but the reason is unclear

Children Mental Health System: Capacity Pressures—Forensic

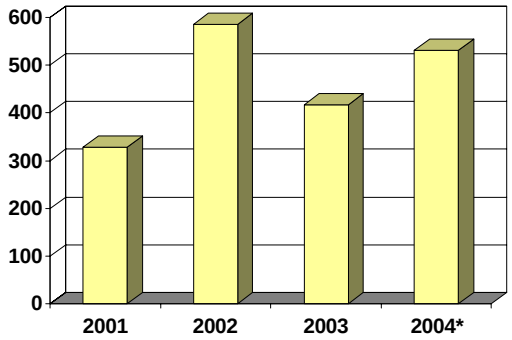
- Competency evaluation and restoration for children is a relatively recent phenomenon
- CSTC provides all the competency restoration services in the state

Competency Restoration at CSTC Referrals 2001 – 2004



*Projected

Competency Restoration at CSTC Bed Days 2001 – 2004



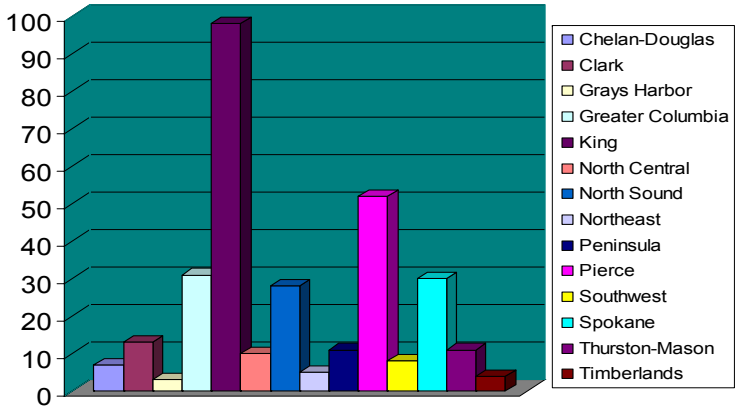
*Projected

Summary: Children

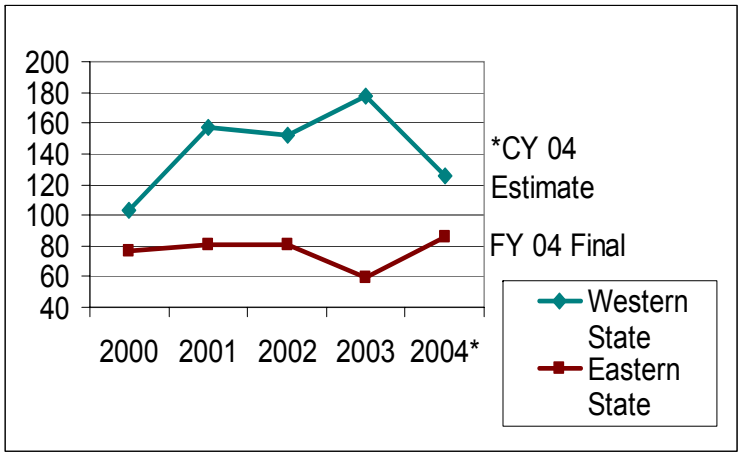
- Most RSNs don't have access to E&T facilities for Children
- Rate issues have caused the loss and threatened loss of beds
- Statewide children's facilities raise funding issues
- Children's system has most of the same pressures as the adult system but also faces additional issues (custody, special ed)

Forensic & Correctional Mental Health

FY 2003 State Hospital Forensic Utilization By RSN



Competency Restorations By Year



Forensic Pressures

- Facilities at capacity with waiting lists
- Increase in outpatient evaluations in Eastern Washington creating increase in inpatient restorations
- Decrease in Western Washington inpatient restorations attributed to *Sell* case
- Estimate of 7 bed/month increase requires new ward per fiscal notes

Jail Mental Health: Survey Overview

- Responses on survey received from 21 of 38 county jails and 7 city jails
- There is no consistent information kept across jails
- Most jails provided information about the percentage of mentally ill inmates, most common disorders, type of treatment available,and the total prescription expense

Jail Mental Health: Consumers

- Percentages of inmates with a serious mental illness
  - The largest group of jails reported that 10-20% of inmates had a serious mental illness
  - An additional 4 jails reported 20-30%
- The most frequent diagnoses:
  - Schizophrenia/schizoaffective disorder
  - Major depression/suicidal
  - Bipolar Disorder
  - Psychosis NOS
  - Co-occurring mental health & chemical dependency disorders

Jail Mental Health: Civil System Interaction

- Most jails estimate that 70-80% of mentally ill inmates are charged with felonies
  - Felony restoration is 90-180 days rather than a maximum of 29 days at the state hospital
- A few jails reported prior involvement
  - 20-798 inmates Medicaid enrolled at booking
  - 25-85% prior outpatient contact
  - 30-45% prior inpatient contact

Jail Mental Health: Services

- The most frequently cited services were referrals to outside treatment providers or CDMHPs
- Several jails provide some level of treatment either with their own staff or outside providers
  - Of those using outside providers,4 stated that no treatment is available to inmates who are not clean and sober, even if suicidal

Jail Mental Health: Prescriptions

- All prescription drugs were paid by jails
- 6 jails spent less than $20K/year. 5 of these had capacities of 5-30 inmates
- 6 jails spent between $20-50K
- 4 jails spent $50-100K
- 4 jails spent over $100K, 2 over $1M
- 3 jails separated psychotropic drug cost
  - 1 small jail estimated 50% of $26,400/year
  - 1 large jail estimated 50% of $492,705
  - 1 jail spent $707K of $1,061,000

Jail Mental Health: Pressures

- Long waits pre-trial
  - Mentally ill defendants in jail 3 times as long pre-trial as non-mentally ill
  - 2+ month wait for competency restoration
- Jail staff expected to act as mental health professionals without training
- Loss of benefits happens at admission even if found not guilty
- Costs are increasing without funding

Summary: Forensic

- State hospital forensic units are full and have long waiting lists
- Increase in felony bookings puts additional pressure on state hospital beds
- Mental health costs to jails are increasing, especially drug costs
- Loss of benefits delays reintegration into mental health services
- Sobriety requirements prevent services even to suicidal inmates in some jails